

Message Text

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ACTION OES-07

INFO OCT-01 ISO-00 EUR-12 ARA-10 CIAE-00 DODE-00
NSAE-00 NSCE-00 SSO-00 ICAE-00 INRE-00 SOE-02
AID-05 CEA-01 COME-00 EB-08 DOE-15 H-01 INR-10
INT-05 L-03 OMB-01 PM-05 SP-02 SS-15 STR-07
TRSE-00 ACDA-12 IO-13 NRC-05 CEQ-01 /141 W
-----006672 140748Z /10

O R 131500Z APR 78

FM AMEMBASY BELGRADE

TO SECSTATE WASHDC IMMEDIATE 6251

AMEMBASSY VIENNA IMMEDIATE

AMEMBASSY MEXICO CITY

C O N F I D E N T I A L SECTION 1 OF 2 BELGRADE 2966

USIAEA

E.O. 11652: GDS

TAGS: ENRG, YO

SUBJECT: KRSKO NUCLEAR FUEL NEGOTIATIONS

REF: A) STATE 52495, B) STATE 49263, C) VIENNA 3087

D) STATE 93306

SUMMARY: BEFORE GOY COMPLETES REVIEW OF REPLY TO LANGUAGE
PROPOSED BY U.S. IN REFS A AND B, FSFA NUCLEAR COORDINATOR
KLJUN REQUESTED U.S. OPINION ON (1) APPLYING ARRANGEMENT TO
RIST LOAD AND RELOAD WITH AUTOMATIC EXTENSION, (2)
GUARANTEEING NON-DISCRIMINATORY TREATMENT, (3) PERMITTING
YUGOSLAVIA TO SELL PLUTONIUM TO U.S., UK OR FRANCE IF
REPROCESSING OPTION BECOMES NECESSARY, AND (4) MAKING MORE
GENERAL GOY COMMITMENT TO CONTINUE NEGOTIATIONS. OTHERWISE
KLJUN SAID THAT CONDITIONS IN PROPOSED LANGUAGE ARE ACCEPTABLE AND
THAT YUGOSLAVIA HAD NO INTENTION NOW OF RECYCLING PLUTONIUM
FORMED IN THE KRSKO REACTOR. WHILE LEAVING THE TECHNICAL
CONSIDERATIONS TO THE EXPERTS IN WASHINGTON, WE ARE
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CONVINCED THAT THE YUGOSLAVS WILL INSIST ON NON-
DISCRIMINATORY TREATMENT ON POLITICAL GROUNDS AND RECOMMEND THAT
WE GIVE THEM SUCH A GUARANTEE OR EXPLAIN WHY WE CANNOT. END SUMMARY.

1. THE DAY AFTER APRIL 12 MEETING OF CABINET LEVEL FEDERAL
COUNCIL ON INTERNATIONAL REPLATIONS TO CONSIDER YUGOSLAV
POLICY ON PEACEFUL USES OS NUCLEAR ENERGY, FSFA COUNSELOR FOR

NORTH AMERICAN AFFAIRS KOSTIC CALLED IN SCIATT FOR MEETING WITH FSFA NUCLEAR COORDINATOR AMBASSADOR KLJUN. KLJUN HAD PREPARED GOY RESPONSE TO TEXTS OF ARRANGEMENT PROPOSED BY THE U.S. IN REFS A AND B, BUT WISHED TO CHECK ACCEPTABILITY OF CERTAIN CHANGES BEFORE HE OBTAINED FINAL GOY APPROVAL. IF THESE CHANGES WERE ACCEPTABLE TO THE U.S., KLJUN SAID THAT TEXTS PROPOSED BY THE GOY WOULD BE RELEASED QUICKLY. THE PROCESS WOULD ONLY BE "PROCEDURAL". IF NOT, HOWEVER, THEN HE WOULD HAVE TO RECOMMENCE WHAT HE DESCRIBED AS A LENGTHY AND "VERY DELICATE" PROCESS.

2. KLJUN SAID THAT GOY WOULD ACCEPT THE COMMITMENT TO EXPAND STORAGE FACILITIES AND TO DISPOSE OF SPENT FUEL FROM KRSKO AS PROPOSED IN U.S. TEXT. HOWEVER, HE ADDED, YUGOSLAVIA WOULD HAVE THE RIGHT TO SELL TO U.S., UK OR FRANCE ANY MATERIAL OBTAINED FROM REPROCESSING IF THAT OPTION BECAME NECESSARY. IT WOULD EVEN COMMIT ITSELF TO SELL THE PLUTONIUM TO THE U.S. AT FAIR MARKET VALUE. KLJUN SAID YUGOSLAVIA DID NOT PLAN TO RECYCLE PLUTONIUM, UNDER PRESENT CONDITIONS. IT WOULD BE PLEASED TO GET RID OF IT EITHER BY STORAGE OF SPENT FUEL CELLS IN THE U.S. OR BY SELLING IT AFTER REPROCESSING.

3. THE TEXT OF THE MAJOR CHANGE PROPOSED BY KLJUN IS AS FOLLOWS:

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"THE GOVERNMENT OF THE SFR OF YUGOSLAVIA ASSUMES THAT THE OBLIGATIONS OUTLINED IN THIS LETTER REFER TO THE FIRST CORE AND RELOAD FOR THE NUCLEAR POWER PLANT KRSKO AND SHALL BE AUTOMATICALLY EXTENDED UNLESS THE SFR OF YUGOSLAVIA TERMINATES THESE ARRANGEMENTS IN DUE COURSE IT BEING UNDERSTOOD THAT ANY SUCH TERMINATION SHALL NOT AFFECT THE RIGHTS AND OBLIGATIONS OF THE PARTIES WITH RESPECT TO FUEL TRANSFERRED TO THE SFR OF YUGOSLAVIA PRIOR TO SUCH TERMINATION."

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NSAE-00 NSCE-00 SSO-00 ICAE-00 INRE-00 SOE-02
AID-05 CEA-01 COME-00 EB-08 DOE-15 H-01 INR-10
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TRSE-00 ACDA-12 IO-13 NRC-05 CEQ-01 /141 W
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C O N F I D E N T I A L SECTION 2 OF 2 BELGRADE 2966

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4. ON THE GOY COMMITMENT TO NEGOTIATE, KLJUN PROPOSED THE FOLLOWING TEXT FOR GOY NOTE TO USG: (KLJUN ALSO WANTED TO KNOW IF THE USG WOULD BE SATISFIED BY AN EXCHANGE OF DIPLOMATIC NOTES RATHER THAN LETTERS.) "ON BEHALF OF MY GOVERNMENT I WOULD ALSO LIKE TO NOTE THAT SHOULD THE SFR OF YUGOSLAIVA AND THE UNITED STATES ENTER INTO NEW INTERNATIONAL AGREEMENTS THAT ARE RELEVANT TO THE ARRANGEMENTS REFERRED TO IN THIS NOTE, THE SFR OF YUGOSLAVIA WOULD PROMPTLY NEGOTIATE NECESSARY MODIFICATIONS FOR THE IMPLEMENTATION OF THOSE AGREEMENTS UNLESS THEIR IMMEDIATE IMPLEMENTATION HAS BEEN PROVIDED FOR THEREIN.

AS STATED IN MY MAY 12, 1977, LETTER TO YOU, THE GOVERNMENT OF THE SFR OF YUGOSLAIVA IS READY TO CONTINUE NEGOTIATIONS CONCERNING THE DISPOSITION OF FUEL IRRADIATED IN THE NUCLEAR POWER PLANT KRSKO WITHIN THE FRAMEWORK OF THE EXISTING INTERNATIONAL AGREEMENTS AND FUTURE MULTILATERAL AGREEMENTS WHICH WOULD REGULATE THIS MATTER."

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5. AS A CONCLUSION IN THE VANCE TO MINIC LETTER (OR USG NOTE TO GOY), KLJUN PROPOSED: "THE GOVERNMENT OF THE UNITED STATES NOTES THAT THE GOVERNMENT OF THE SFR OF YUGOSLAVIA IS PREPARED, IF THE NECESSITY ARISES, TO CONTINUE NEGOTIATIONS ON THE DISPOSITION OF FUEL IRRADIATED IN THE NUCLEAR POWER PLANT KRSKO WITHIN THE EXISTING INTERNATIONAL AGREEMENTS AND FUTURE MULTILATERAL AGREEMENTS WHICH WOULD REGULATE THIS MATTER."

6) PROPOSED GOY TEXT ALSO CONTAINED CONDITION THAT U.S. GUARANTEE YUGOSLAIVA MOST FAVORED NATION TREATMENT. KLJUN SAID THIS COULD BE PHRASED AS "NO LESS FAVORABLE" OR "NON-DISCRIMINATORY" TREATMENT. IF THE U.S. COULD NOT PROVIDE THIS CONDITION,

KLJUN CONTINUED, THEN THE GOY WOULD HAVE TO BE GIVEN AN EXPLANATION AT A HIGH POLITICAL LEVEL.

7. KLJUN ASKED TO RECEIVE A REPLY TO HIS PROPOSED CHANGES "AS SOON AS POSSIBLE". HE PLANS TO LEAVE FOR VIENNA APRIL 19 AND ASKED IF OES/NET DEPUTY ASSISTANT SECRETARY NOSENZO WOULD ALSO BE ATTENDING IAEA BOARD MEETING. HE SUGGESTED THAT, IF SO, NEGOTIATIONS COULD BE CONTINUED EITHER IN VIENNA OR ON APRIL 24 IN BELGRADE.

8. FOR IAEA VIENNA ALSO: EMBASSY RECOMMENDS THAT NO ACTION BE TAKEN ON GENERAL ATOMIC EXPORT APPLICATION (REF C) UNTIL PRESENT STAGE OF KRSKO NEGOTIATIONS IS CONCLUDED.

9. COMMENT: FOR POLITICAL REASONS, IT WILL BE DIFFICULT FOR THEYUGOSLAVS TO SWALLOW ANYTHING LESS THAN NON-DISCRIMINATORY TREATMENT. A POSSIBLE COMPROMISE FORMULA, WHICH SCIATT DID NOT MENTION TO KLJUN, IS TO GUARANTEE YUGOSLAVIA NON-DISCRIMINATORY TREATMENT WITH THE EXCEPTION OF WHATEVER BENEFIT(S) WE PROVIDE NATIONS THAT ACCEPT ALL OUR CONDITIONS, E.G., CONSENT RIGHTS ON NON-U.S. FUEL.
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IF THIS BENEFIT IS NOT TOO SIGNIFICANT, THE YUGOSLAVAS MIGHT RELAX THEIR INSISTENCE. OTHERWISE, WE WILL HVE TO MAE A VERY PERSUASIVE CASE. POSSIBLY A RANKING MEMBER OF OUR DELEGATION TO THE IAEA MEETING MIGHT DO THIS IN VIENNA, OR AFTER THE MEETING IN BELGRADE.

10. COMMENT: KLJUN LEFT IMPRESSION THAT TEXT HAD BEEN ACCEPTED BY MAIN GOY PARTIES CONCERNED WITH THE EXCEPTION OF THE HIGHEST POLITICAL LEVEL. KLJUN'S DESIRE TO HAVE U.S. VIEWS ON CHANGES PROBABLY DERIES FROM HIS RELUCTANCE TO OBTAIN HIGH LEVEL CLEARANCE AND THEN TO BE EMBARRASSED BY SEEING THE U.S. REJECT THE YUGOSLAV TEXT.

11. REQUEST REPLY ASAP.
EAGLEBURGER

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Message Attributes

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Decaption Date: 01 jan 1960
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